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Advertising Age

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AT&T dials up shop shootout worth $50 M

By STEWART ALTER

NEW YORK—AT&T in February will stage a $50 million winner-take-all creative shootout for its entire consumer-products account, now split between N W Ayer, D'Arcy MacManus Masius Worldwide and Foote, Cone & Belding.

Only the three incumbents have been invited to pitch the AT&T Information Systems Group business. DMM, the current agency for AT&T consumer sales and service, and Ayer, which handles AT&T brand telephones, have the most at stake: More than $20 million each in billings. Ayer, however, also handles corporate and U.S. residential long-distance advertising, which will not be affected by the consumer-products consolidation.

FCB clearly has the most to gain, since its current AT&T assignment for cellular phones is a growing but still small account. The half-day presentations begin Feb. 7.

In recent months, AT&T has reorganized its Information Systems Group, including placing all consumer-product advertising

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Landau ponied up cash for horses

By ROBERT RAISSMAN

NEW YORK—Testifying at a creditors' hearing last week, Robert Landau, chairman of the bankrupt Robert Landau Associates, a sales promotion/sports marketing company, said he took a cash advance of approximately $1 million from the company to purchase—as an individual—a partnership interest in thoroughbred racehorses.

Mr. Landau's revelation concerning the investment in the horses came during questioning concerning cash advances Mr. Landau had taken from his company. Mr. Landau said one cash advance was for about $1 million and was used to purchase the horses. He did not specify when he had taken that cash advance. He took additional cash advances through the course of 1983 and 1984, according to his testimony.

RLA filed a petition for reorganization under the Federal Bank-

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Last Minute News

'Sensational offer' draws Ward's ceo Pistner

CHICAGO—Stephen Pistner, 52, ceo of Montgomery Ward & Co., has resigned, *Crain's Chicago Business* reports. Richard Tucker, a top executive of Mobil Corp., Ward's parent, will take the post temporarily. Under Mr. Pistner, Ward's returned to modest profitability earlier this year, but reported a $15 million net loss for the third quarter compared with a $2 million profit a year earlier. "A sensational offer somewhere else" is Mr. Pistner's primary reason for leaving, sources say.

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NEWSPAPER

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ret
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WASHINGTON DC 20014
CONGRESSIONAL INFO SERVICE
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Adman of the year

Illustration by Gary Yealdhall

John Sculley
Marketing methods bring Apple back

By BRIAN MORAN
and CLEVELAND HORTON

When he took on the top marketing mantle at Pepsi-Cola Co. back in 1970, 30-year-old John Sculley's first assignment was one that had confounded predecessors for years: Develop a bottle that was snappier than rival Coca-Cola's.

Millions of dollars were poured into the effort, but Pepsi's packaging mavens continually came up dry in attempts to top Coke's unique hourglass bottle. Meanwhile, Mr. Sculley thrust the company into its first massive consumer research study and found there was no limit to how much Pepsi people would guzzle once they had it.

With that discovery, Mr. Sculley was inspired to abandon the Coke bottle-buster effort and introduce large-size plastic containers and multiple packs of bottles and cans, innovations that rallied Pepsi's independent bottlers and went on to revolutionize the soft-drink industry. Mr. Sculley's decision to carve out a new "heavy users" market and to unite Pepsi's 400 franchisees catapulted the company to unprecedented growth in the battle against Coca-Cola Co.

As president-ceo of Apple Computer for the last 20 months, Mr. Sculley has borrowed a few pages from his Pepsi book and brought Apple back from the brink of extinction in the personal computer market.

Recognizing that dealers account for some 80% of the industry's sales, Mr. Sculley scuttled Apple's network of outside reps and marshaled a 350-person sales force to blunt IBM Corp.'s mounting domination. He expanded Apple's retail network by 33%, to 2,000 dealers; tripled Apple's advertising budget to $100 million, and supported new products with attention-grabbing campaigns like the Macintosh "1984" tv commercial and sole sponsorship of *News-*

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Hot new items light fire in food, haircare

By ALAN B. MILLER JR.

SAMI retail food store figures have identified the product categories with the highest growth rates for 1984.

Mr. Miller is vp-sales service for SAMI (Selling Areas-Marketing Inc.), New York.

Within each product department we have pinpointed the five categories with the most significant jumps in volume for the year ending Nov. 9 versus the corresponding year-ago period.

In several instances, the expansion has been the result of new products. These include the beverage and frozen-food categories as well as hair-setting needs, with new hair-styling mousse products, and oven cleaners, where new items in pad form have generated new sales volume.

In a number of instances, new-products growth has led to the establishment by SAMI of entirely new categories. The frozen single-dish category volume approached $2 billion in annual sales and became a product group, subdivided into seven different categories of entrees. Frozen quiche and pancake batter became important enough to qualify as a category, as did frozen sandwiches, corn dogs, frozen seafood cocktails and frozen microwave oven popcorn.

In the nonfrozen area, sales growth led to the new categories of mildew removers, plastic storage bags, fruit rolls and bars and refrigerated bread dough, pie crust and Mexican foods.

High-flying categories of 1984*

Source: SAMI

Rank	Annual national Food store retail sales ($ millions)	Category	Annual tonnage** (% gain)
Dry grocery: Food			
1	93.0	Diet misc. foods	+ 43
2	91.8	Blended fruit juices	+ 34
3	181.6	Bottled water	+ 28
4	144.0	Fruit rolls and bars	+ 28
5	196.1	Prepared rice	+ 19
Dry grocery: Nonfood			
1	16.9	Rock salt	+ 32
2	47.9	Fireplace logs & bricks	+ 30
3	14.3	Upholstery cleaners	+ 15
4	20.7	Soap: Bubble bath for children	+ 13
5	65.9	Oven cleaners	+ 12
Frozen food			
1	40.3	Quiche & pancake batter	+ 61
2	283.2	Oriental dishes	+ 55
3	62.1	Oriental dinners	+ 54
4	87.8	Hors d'oeuvres	+ 42
5	142.9	Fish dishes	+ 29
Refrigerated: Food			
1	29.0	Apple juice/cider	+ 28
2	22.4	Miscellaneous juices	+ 24
3	1,067.2	Orange juice	+ 19
4	536.6	Yogurt	+ 17
5	66.8	Salad dressings & sauces	+ 16
Health and beauty aids			
1	36.7	Hair setting needs	+312
2	107.1	Eye care products	+ 20
3	52.0	Appetite suppressants	+ 19
4	22.2	Sleeping aids	+ 16
5	19.3	Lip care products	+ 12

*For 12 months ended Nov. 9, 1984
**Pounds for food categories; units for nonfood.

Dry grocery: Food

Excluding the low-volume miscellaneous fruit juice category, which had a high percentage increase, the highest rate of growth in the food categories was diet miscellaneous foods, where the new Carnation and Slim Fast diet lines are found. Aseptic packs, which over-all passed the 1 billion-a-year unit sales level during 1984, contributed to the growth of blended fruit juices.

Bottled water has been on a roll ever since Perrier passed the Statue of Liberty and became an American household word.

In 1984, sales of fruit rolls reached the $100 million level and then passed it, and as the year drew to a close, products in bar form rather than rolled fruit became the next stage of evolution.

Prepared rice, particularly flavored casseroles, with Lipton as a new entry, grew 19% and the category was nearing $200 million at yearend.

Dry grocery: Nonfood

There were no outstanding high-volume innovative new products to push volume ahead in the non-food sector. The highest growth rate was achieved by the commodity rock salt category—the result of

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TEN EVENTS THAT MOVED THE MARKET IN '84

- Cubs
- Elections
- FCC rules/7-7-7
- Ghostbusters
- Globalization
- Jacksons
- NCAA decision
- Olympics
- VALS
- Vanessagate

From heroes of summer to a fallen queen

The past 12 months overflowed with newsworthy events. Here are 10 marketing-related events Advertising Age *feels were the most noteworthy.*

The 1984 Summer **Olympic Games** in Los Angeles shaped up as a triumph for American commercialism. Despite the withdrawal of the Soviet Union and other Eastern-bloc nations, the first-ever privately financed games not only paid for themselves, they made money. Sponsors and licensees—Coca Cola Co., Anheuser-Busch and Levi Strauss Co. among them—contributed 30% of the games' $500 million budget. The Los Angeles Olympic Organizing Committee ended up with a surplus most recently estimated at $215 million.

ABC-TV, which broadcast the games, also made lots of money. When the Soviets pulled out of the Los Angeles Olympics, tv executives feared they might have to make restitution to advertisers if

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TEN CATEGORIES THAT WILL MAKE NEWS IN '85

- Alcohol ads
- Appliances
- Cable tv
- Chicken products
- Compact discs
- Detergents
- Financial services
- Health services
- Soft drinks
- U.S. autos

Tales of '85: What to buy —and why

Many of the categories that will make marketing news in 1985 already created a stir in 1984. Here are 10 areas the editors of Advertising Age *think will be especially active next year.*

Detergents

This year's "Battle of the burgers" may give way to the "Battle of the soaps" in 1985.

After years of relative quiet, laundry detergents—especially liquids—are poised for their biggest sales push ever.

Procter & Gamble's $50 million national introduction of liquid Tide is expected to prompt ad spending retaliation from Colgate-Palmolive and Lever Bros.

In addition to P&G's liquid Tide, Colgate is preparing to introduce Dynamo II, reformulated and packaged in neon green containers, said an industry source. And Lever Bros. is preparing an estimated $50 million ad campaign for its Surf laundry detergent.

"There's been nothing like this [activity] since the innovations with lower phosphate levels several years ago," said Drexel Burn-

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Highlights

Christmas 1984 will be remembered by retailers as a seasonal good news/bad news story. The good news was sales were up; the bad news was no one got rich off them. *See Page 4.*

As post-Christmas shoppers tumble into London's Harrods this week for its annual sale, there is likely to be something new for British shoppers to get angry about—Americans flying over for the event. *See Page 13.*

The fine art of writing humorous commercials isn't acquired overnight. Author Melvin Helitzer offers some pointers in his book, "Comedy Techniques for Writers and Performers." *See Page 14.*

Pop music stars will croon "My music is on cable tv" New Year's Day when MTV Networks turns on VH-1. *See Page 23.*

FORUM

Jerry Dyer writes to right those who think wrong about copywriting. *See Page 12.*

Allyn Thompson wonders why marketers make changes in their products as often as they do. *See Page 12.*

For those who work on both coasts, does the twain ever meet? Michele Willens writes of "Coasties." *See Page 12.*

INTERNATIONAL

Government regulations in Argentina prohibiting ads that associate physical exercise and cigaret smoking have forced R.J. Reynolds to modify its Camel cigaret tv advertising campaign. *See Page 15.*

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Events

(Continued from Page 2)

ratings didn't live up to expectations. It didn't happen. As the U.S. teams continued to win—and win big—an estimated 180 million people tuned in to watch some of the network's 180 hours of coverage. During prime time, the games achieved a whopping 45 share of the viewing audience.

The success was particularly welcome by ABC since the ratings for its coverage of the Winter Olympics in February fell far short of expectations.

Tv coverage of the winter event in Sarajevo averaged an 18.2 rating, well below the 23.7 average posted for coverage of the 1980 winter games in Lake Placid.

ABC's February telecasts were hurt by the time difference (people knew the outcome before the delayed telecasts were aired), weather problems that prevented showing some popular events live on weekends and the poorer-than-expected showing of some U.S. participants. ABC-TV offered make-goods to winter games advertisers who complained of the viewer shortfall.

Commercials accompanying the games were uncommonly tasteful and well done. Nike, the Beaverton, Ore.-based sportswear company, turned Randy Newman's spunky "I Love L.A." video into a commercial for its apparel, placing Summer Olympic hopefuls in the paean to Los Angeles. Levi Strauss presented its 501 jeans in subtle, urbane and daring commercials that entertained as well as moved merchandise.

While some criticized the chauvinistic spirit of the Olympics coverage, the games did spark genuine patriotism within the U.S. population. Without Russian competition, U.S. teams pulled in 170 of the total 1,511 medals awarded—80 gold, 61 silver and 29 bronze.

While many of the Olympic athletes had great expectations that Olympic gold would be their ticket to endorsement heaven, only a few have hit it big so far. Mary Lou Retton, the diminutive gymnast who scored perfect 10's in competition, was among the first, signing a four-year promotional deal with haircare marketer Vidal Sassoon Inc., along with swimmer Steve Lundquist.

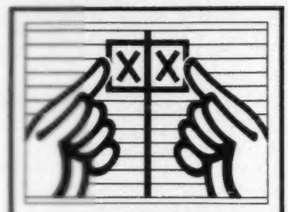
Others, such as runner Mary Decker, who seemed a sure bet for lots of promotional work going into the games, lost out. She and South African runner Zola Budd played footsie on the course, forcing Ms. Decker out of the race. Then, in a postrace press conference she displayed a lack of character that may have harmed her reputation permanently.

LAOOC chairman Peter Ueberroth received much of the credit for the games' success. He moved on to a bigger challenge, becoming commissioner of Major League Baseball.

The year's biggest advertising account—in impact, at least—had to be the one that gave this country "four more years." About $22 million worth of Tuesday Team-created **election** ads helped push President Reagan to a historic landslide victory in November.

Walter Mondale spent even more, an estimated $25 million, or about $5 for each person who lives in Minnesota and the District of Columbia, the only jurisdictions he carried.

But advertising was just part of a more significant phenomenon—the "media events" that have emerged as the core of political campaigns, presidential or otherwise. In 1984, the media, through advertising and news coverage, reinforced their position as a premier participant in modern-day elections.



Elections
More ads than ever

Although the networks scaled back on-air coverage of the Democratic and Republican national conventions this year, the quadrennial meetings still managed to rake in an estimated $30 million in ad revenues. This is not to mention the working journalists at the conventions, who outnumbered the delegates by 10 to 1 in Dallas.

The presidential debates, with one vice-presidential squareoff tucked between, also captured their fair share of attention—on tv, of course. The President's performance during the first match appeared just bad enough on the tube to make the race more interesting as the Nov. 6 election approached.

But in the end, a President who is possibly the most adept of media handlers in high-level politics won more than handily. It was a victory that, for most part, won the plaudits of those in business.

The confluence of politics, media and advertising invaded more than the presidential race in 1984. In fact, a list of campaign issues across the country appeared at times to be headed by the issue of dirty advertising.

The race for the U.S. Senate in Texas, for instance, ended up with the candidates asking voters to judge whose ads were dirtier. In North Carolina, the senatorial candidates spent in the neighborhood of $25 million and traded charges over each other's ads.

Perhaps foreseeing this state of affairs, the American Assn. of Advertising Agencies in the spring set up a program to issue citations to campaigns found to be unethical. The Four A's did not formally cite anyone this season, but it could probably rest assured that, if political trends continue, it will do so in elections to come.

Company-sponsored concert tours came of age this year, when Pepsi-Cola USA shelled out $10 million to link up with rock superstar **Michael Jackson** and his brothers in what may be their last group appearances. The Jacksons' Victory Tour, as the concert series was called, paid off in just five weeks, according to Pepsi. The

(Continued on Page 27)

Two-bit papers disappearing

By WILLIAM F. GLOEDE

The 25¢ newspaper may make the endangered species list in 1985, but it probably won't disappear, according to newspaper executives.

The consensus: The number of dailies selling for a quarter probably will fall precipitously during the next 12 months as prices move toward the 35¢ level. But some publishers are reluctant to raise prices, at a time when a 20-year downward trend in circulation is showing signs of reversing.

The American Newspaper Publishers Assn., Reston, Va., reported 1,306 newspapers cost 25¢ at the end of 1983, another 80 were 30¢ and 16 cost 35¢. The ANPA's 1984 survey won't be completed until late Februry, but it expects to find a shift away from 25¢ toward at least 30¢ and probably 35¢.

"If the economy holds, I think [papers] will go toward 35¢," said William Keating, senior vp, Gannett Co. and president of its newspaper division. "I find it difficult to believe that they're not all already moving toward 35¢—I think they're missing a lot of revenue."

Mr. Keating represents one side of an issue that is dividing newspaper executives pretty much along the lines of their markets. Robert Johnson, president-chief operating officer, Times Mirror Co.'s *Newsday*, represents the other side.

"I don't think you're going to see wholesale price increases across the country," said Mr. Johnson. "I think it really depends on where the [newspaper] markets are."

Mr. Keating's newspapers are usually the only papers serving a market. Mr. Johnson's newspaper, though entrenched in its primary marketing area of Long Island, is doing battle with the New York dailies for city sales.

Newspaper executives are debating the merits of raising prices at a time when circulation among morning newspapers has increased at least 1% a year for the past two years. Traditionally, a newspaper that raises its price expects a 4%-to-5% decline in circulation. It is believed that the paper regains the lost circulation over time.

Besides increased circulation, newspaper ad revenues in 1984 also have risen—by 15% over 1983—according to preliminary estimates.

Next spring, though, newspapers are expecting a 6.5% increase in the price of newsprint, which accounts for roughly 29% of publishing costs at the large metros and about 16% at smaller dailies. A projected 8% rise in ad rates will offset the newsprint price increase in 1985, but publishers have heard advertisers complain about increasing ad rates.

Industry analysts and observers have predicted that newspapers, in order to remain competitive with other media, will have to begin shifting more of their costs to readers from ad revenues.

Among major metro newspapers, three of the four New York dailies—the *Times*, *News* and *Newsday*—do not plan to raise their 30¢ (daily) newsstand prices. This would leave the *New York Post* alone at the 35¢ level. The *Times* plans to raise the newsstand price of its Sunday paper to $1.25 from $1, effective Jan. 6. The paper's national editions will remain at 50¢ daily and $2.50 Sunday.

In Philadelphia, Knight-Ridder Newspapers' *Inquirer* and *Daily News* are "seriously considering" raising newsstand prices from 25¢ to 35¢. Carleton Rosenburgh, vp-circulation for both papers, said he believes the higher newsstand price may increase home-delivered circulation, the audience advertisers desire most.

Gannett plans to increase the newstand price of 22 of its newspapers to 35¢ (AA, Dec. 17); it already has 22, plus *USA Today*, at 35¢.

The *Los Angeles Times* plans to remain at 25¢ through 1985, said Vance Stickell, exec vp-marketing.#

Landau

(Continued from Page 1)

ruptcy Act Sept. 14 (AA, Sept. 20). Mr. Landau said he used most of the $1 million advance to invest in the racehorses.

Mr. Landau, who did not need the approval of any other RLA official to secure the cash advance, said the racehorses were located in Kentucky. He did not say how many horses were owned by the partnership, nor did he identify the participants in the partnership.

Mr. Landau did not return phone calls last week.

During his testimony Mr. Landau also touched on why in 1983 he borrowed about $1.5 million from Dittler Bros., an Atlanta printing concern, and what he did with that money. Mr. Landau said he secured the loan from Dittler a year before the 1984 Summer Olympics, which RLA catered for ABC-TV Network. RLA needed the money, he said, to make deposits for a variety of essentials—including tents—for the ABC Olympics assignment.

When Mr. Landau was asked what he did with the money secured from Dittler Bros., he said it went into the general accounts of RLA and was separate from the $1 million cash advance. In order to acquire the loan from Dittler, Mr. Landau persuaded John Lazarus, then vp-sports marketing and sales at ABC, to sign a letter assigning payment of the RLA account directly to Dittler Bros.

Mr. Lazarus resigned his post at ABC last October following an internal investigation by ABC of the network's dealings with RLA (AA, Oct. 1). ABC said Mr. Lazarus resigned because he and ABC could not agree on an employment contract. Mr. Lazarus is now a principal in Dexel Corp., a sports and entertainment marketing company.

Dittler Bros. also has filed suit against ABC Inc. seeking repayment of its loan to RLA. ABC maintains it is not liable for the repayment, saying it paid the money it owed directly to RLA.

During the hearing Mr. Landau said he was looking for additional funds to support a reorganization of the company. He indicated that it would be difficult to reorganize if these funds were not acquired.

Since RLA filed the petition to reorganize, it has acquired one new account, Kukje, an importer/exporter. A spokesman for Kukje said RLA was acting as a consultant on a sports footwear product. The assignment is worth approximately $30,000.

Mr. Landau also testified that Albert Spevak, vp-general counsel, RLA, received a letter of resignation from Nathan Unger, senior vp-chief financial officer, RLA, in mid-December. Mr. Landau said he had not seen Mr. Unger's letter of resignation. Mr. Unger's attorney, Jeffrey Zivyak, did not return phone calls.#

SAMI

(Continued from Page 2)

a lot of snow early in the year.

Sales of convenient fireplace logs and bricks grew 30%, but on a relatively small volume base. That also was true for upholstery cleaners, where vinyl cleaners showed growth, and for soaps and bubble baths for children, a modest volume category in which a 13% gain in tonnage does not convert to a significant number of sales dollars.

Among oven cleaners, the S.O.S pads offered by Miles Laboratories, and Easy Off, marketed by American Home Products, continued to provide additional unit sales in this category.

Frozen

If one were to single out a section of the store with the best track record of growth in 1984, it would have to be frozen foods.

Each of the five categories with the highest growth rates has been aided by new-product launchings. Four out of the five frozen-food categories with high growth in 1984 did not even exist as a SAMI category as the year began. Spawned by the success of Stouffer, Campbell Soup and Conagra high-quality entrees and dinners, new-product activity was at a fever peak in these new universes.

Only frozen hors d'oeuvres was classified as a SAMI category as 1984 dawned. The growth in this category may be a reflection of a "good times" increase in home entertaining.

Refrigerated foods

Much of the growth among refrigerated foods comes from the expansion of beverages. The attention paid to Procter & Gamble's buildup of Citrus Hill orange juice appears to have focused attention on the potential of other juices and drinks, since three of the five top gainers were beverages.

A small part of the 17% gain for refrigerated yogurt is the result of a change in distribution method of Dannon from store delivery to warehousing in 14 SAMI markets, but most of the vitality is found among leading brands as well as new specialty items such as Kellogg's Whitney's.

The year saw a continuation of the long-term trend toward refrigerated salad dressings, although the current volume of $67 million pales in comparison with shelf-stable products, with 10 times the annual volume of refrigerated.

Health & beauty aids

During the first 9½ months of 1984, unit sales of all health & beauty aids tracked by SAMI combined advanced 2.5% compared with the corresponding 1983 reporting period. The focus of attention in this product department was among the hair-styling mousse products, which proliferated as the year progressed.

Eyecare products, particularly those used in conjunction with contact lenses, can be counted on to grow in food stores at a double-digit rate, and 1984 was no exception.

Unit sales rose 20%, and this was on top of an increase of 18%, pitting 1983 against 1982.

The increase in the sales rate of appetite suppressants may correlate with consumer interest in reduced-calorie, high-quality convenience foods, touched on earlier. Unit sales of sleeping aids grew 16% in 1984, and lipcare products enjoyed a bounce of 12%.#

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